

The Medicaid Story

THE ROAD HOME

*The National Behavioral Health Conference on
Returning Veterans and Their Families*

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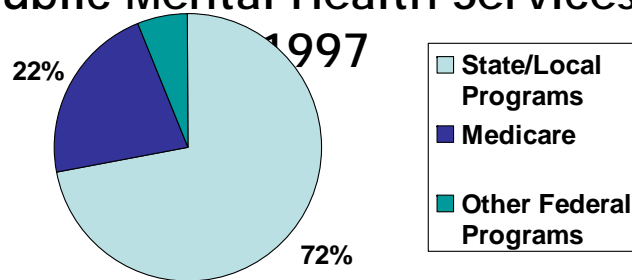


Goals of this Presentation

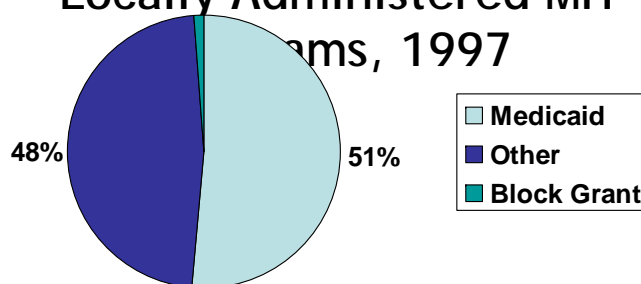
- To explain Medicaid's position as a significant payer for mental health services
- To review some statistics about Medicaid and veterans
- To outline some basic information about the Medicaid State Plan
- To provide additional resources

Medicaid is a significant payer in the mental health system

Funding Sources Spent on U.S. Public Mental Health Services, 1997



Source of Funds for State and Locally Administered MH Programs, 1997



- **Nearly three-quarters of all public funds spent on mental health services are for programs administered at the state and local levels**
- **Medicaid is the largest payer (over 50%) for state and local mental health services**

Source: Buck, J. (2001). Spending for state mental health care. *Psychiatric Services*. 52(10): 1294.

- 1 in 10 Medicaid dollars goes to mental health and substance abuse (MH/SA)
- Although MH/SA service users constitute 11% of all Medicaid enrollees, they account for one-third of high-cost enrollees

Source: Buck, J., Teich, J., and Miller, K. (2003). Use of mental health and substance abuse services among high-cost Medicaid enrollees. *Administration and Policy in Mental Health*. 31(1): 3-14.

Medicaid and Veterans

Current Population Survey (CPS) from the Census Bureau shows for calendar year 2004:

- Total U.S. Population - 291.2 million
- Total U.S. Population with Medicaid coverage - 37.5 million which includes children or Armed Forces (active military), Vietnam, Korean War, World War II, Other Service and Non-veterans

Medicaid State Plan and Waiver Program Basics

Some 30 statutory categories of services listed in Section 1905(a) of the Social Security Act for which matching funds are available

- Some are mandatory meaning States must provide them if they choose to participate in Medicaid
- Some are optional – States may choose to provide them

Basic Medicaid

Mandatory Services – Examples:

- Physicians' Services

 - 1905(a)(5)(A) and 42 CFR 440.50

- Inpatient Hospital Services

 - 1905(a)(1) and 42 CFR 440.10

- Outpatient Hospital Services

 - 1905(a)(2)(A) and 42 CFR 440.20

- Federally Qualified Health Center (FQHC) Services

 - 1905(a)(2)(C) and 1905(1)(2)(B) and CFR 491.1-491.11

Optional Services – Examples:

- CFR 440.130(d)
- Rehabilitation Services – 1905(a)(13) and Medical Care or Remedial Care Furnished by Licensed Practitioners Under State Law – 1905(a)(6) and 42 CFR 440.60
- Prescribed Drugs – 1905(a)(12) and 42 CFR 440.120
- Clinic Services – 1905(a)(9) and 42 CFR 440.90
- Targeted Case Management Services – 1905(a)(19), 1915(g)

Fundamental Elements in Proposal Review

Compliance with Laws and Regulations.

Services must be provided in accordance with all applicable laws and regulations governing the benefit category used for coverage of mandatory and optional services listed above.

Medical Services. Medicaid's primary purpose is to fund *medically necessary services*.

Provided to Medicaid-Eligibles. Medicaid only reimburses services provided to Medicaid-eligible individuals. Therefore, services must be provided directly to, or for the direct exclusive benefit of, the Medicaid beneficiary.

Free Choice of Qualified Providers. States are required to assure that a recipient may obtain services from any willing, qualified provider. Medicaid providers must meet all applicable Federal provider requirements and be practicing within their scope of practice under State law in order to bill for Medicaid services.

Comparability of Services. State Plans must provide that the services are available to any categorically needy recipient under the Plan, and are not less in amount, duration and scope than those services available to a medically needy recipient. Services must be adequate in amount, duration and scope to reasonably achieve their purpose.

Third Party Liability (TPL). TPL refers to the legal obligation of third parties, e.g. certain individuals, entities, or programs, to pay all or part of the expenditures for medical assistance furnished under the State Plan. The Medicaid program by law is intended to be the payer of last resort. Individuals eligible for Medicaid assign their rights to third party payment to the State Medicaid agency.

Reimbursement Methodology. State Plans must include a comprehensive description of the reimbursement methodology used for payment of each service within the Plan. As required by Federal statute, States must have methods and procedures to assure that payments are consistent with economy, efficiency, and quality of care.

Review - General Coverage

- **Medical Services** Services must be listed in Section 1905(a) of the Social Security Act to be covered by Medicaid and must be medically necessary.
 - Services must be medically necessary. State Medicaid officials have latitude in deciding medical necessity
- **Provided to Medicaid-Eligibles**
 - Services are provided directly to or directed exclusively for the treatment of Medicaid-eligible individuals
- **Qualified Providers**
- **Amount, Duration, and Scope**

Review (continued)

- State Plan Options (Rehabilitation, Clinic Services, Prescribed Drugs, Case Management)
 - For State Plan Option services, the focus is on the State's definition of the service, the provider qualifications, and the reimbursement methodology.

Resources

CMS web site: <http://www.cms.hhs.gov>

State Profiles of Mental Health and
Substance Abuse Services in Medicaid:

http://www.mentalhealth.org/publications/allpubs/state_Med/default.asp

2001 National Survey of Veterans

<http://www.va.gov/vetdata/SurveyResults/index.htm>

In Summary

Medicaid is a significant payer of public mental health services

- Using CPS numbers, which are generally an undercount, veterans comprise about 3% of Medicaid enrollees.
- CMS projections show there are approximately 1.4 million veterans covered under Medicaid.
- However, CMS data does not show veteran status.